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(v) the amount of discount;

(vi) full particulars regarding the disposal of the prize amount in respect of the preceding instalment and disposal of unpaid prize amount, if any, in respect of any previous instalment; and

(vii) any other particulars which may be prescribed.

11. *Copy of minutes to be filed with the Registrar.*—Every foreman shall, within the fifteenth day of the month succeeding the month in which one or more instalments of the same chit or one or more instalments of any other chit are drawn, file with the Registrar a copy of the minutes referred to in section 10 in respect of the drawings at all such instalments and certified by the foreman to be a true copy.

CHAPTER III.

FOREMAN.

12. *Security to be given by foreman.*—(1) For the proper conduct of the chit every foreman shall, before applying for the certificate of commencement under section 7,—

(*a*) execute an indenture of mortgage and trust in favour of the Registrar as trustee charging by way of security property sufficient to the satisfaction of the Registrar for the realisation of . . . the chit amount; or

(*b*) (i) deposit in any approved bank an amount of cash not less than half of the chit amount, or

(ii) invest in Government securities of the face value or market value, whichever is less, of not less than half of the chit amount,

and transfer the amount so deposited or the Government securities in favour of the Registrar to be held in trust by him as security :

Provided that, where movable property is charged by way of security, only such kind of movable property as may be prescribed shall be so charged and such movable property shall be deposited in such manner and with such person or officer as may be prescribed.

(2) Where a foreman conducts more than one chit, he shall furnish security in accordance with the provisions of sub-section (1) in respect of each such chit.

(3) Subject to the provisions of section 520 of the Companies Act, 1956 (Central Act I of 1956), the security given by the foreman under sub-section (1) . . . shall not be liable to be attached in execution of a decree or otherwise—

(i) until the chit is terminated and the claims of all the subscribers are fully satisfied;

(ii) until all dues payable by the foreman under this Act to the Registrar or any other officer have been paid;

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(iii) where owing to the default of the prized subscriber the prize amount due remains unpaid even after the termination of a chit until the foreman deposits such amount in an approved bank mentioned in the chit agreement and intimates in writing the fact of such deposit to the prized subscriber.

(4) The Registrar shall, after the termination of a chit and after satisfying himself that the requirements under clauses (i) to (iii) of sub-section (3) have been complied with, release the property charged by way of security or order the release of the cash security or the Government securities referred to in sub-section (1) and in so doing, he shall follow such procedure as may be prescribed. . . .

(5) The Registrar may, on the application of any foreman, instead of releasing the security under sub-section (4), accept the same as security in respect of any other chit or chits conducted by the same foreman. If the value or amount of the security so accepted is less than the value or amount specified in sub-section (1), the Registrar shall require the foreman to furnish additional security to make up the deficiency. If the value or amount of such security is in excess of the value or amount required, the Registrar shall release such excess.

(6) Notwithstanding anything to the contrary contained in any other law, the security furnished under this section shall not be dealt with by the foreman during the currency of the chit and any dealing by the foreman with respect thereto by way of transfer, charge, mortgage or other encumbrance shall be void.

13. *The rights of the foreman.*—The foreman shall be entitled—

(*a*) in the absence of any provision in the chit agreement to the contrary, to obtain the chit amount at the instalment specified in the chit agreement. . . .

(*b*) to such commission or remuneration not exceeding five per cent of the chit amount as may be fixed in the chit agreement;

(*c*) to receive and realise all contributions from the subscribers and to distribute the prize amounts to prized subscribers and the divided among the subscribers;

(*d*) to demand sufficient security from any prized subscriber for the due payment of future subscriptions;

(*e*) to substitute subscribers in the place of defaulters; and

(*f*) to do all other acts that may be necessary for the due and proper conduct of the chit.

14. *The duties of the foreman.*—(1) The foreman shall, on the prized subscriber furnishing sufficient security for the due payment of future subscriptions, be bound to pay him the prize amount :

Provided that the prized subscriber shall be entitled to demand immediate payment of the prize amount after deducting all future subscriptions without any security whatsoever, and in such case

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the foreman shall, before the date of the next succeeding instalment, deposit in an approved bank mentioned in the chit agreement the amount of future subscriptions deducted as aforesaid and he shall not withdraw the amount so deposited except for payment of future subscriptions.

(2) If owing to the default of the prized subscriber the prize amount due in respect of any drawing remains unpaid before the date of the next succeeding drawing, the foreman shall deposit the same forthwith in an approved bank mentioned in the chit agreement and intimate in writing the fact of such deposit to the prized subscriber.

(3) Every payment of the prize amount, the deposit of the amount of future subscriptions under sub-section (1) and the deposit of the prize amount under sub-section (2) shall be intimated to the subscribers at the next succeeding drawing, and particulars of such payment or deposit entered in the minutes of the proceedings of that drawing.

(4) The foreman shall not appropriate for himself any amount in excess of what he is entitled to under clauses (*a*) and (*b*) of section 13.

15. *Registers and books of account.*—The foreman shall keep such registers and books of account, and in such form, as may be prescribed.

16. *Balance-sheet.*—(1) Every foreman shall prepare and file with the Registrar in such manner and within such time as may be prescribed, a balance-sheet duly audited either by auditors duly qualified to act as auditors of companies under the Companies Act, 1956 (Central Act I of 1956), or by a Chit Auditor appointed under sub-section (2) of section 51 and relating to the period of account . . .

(2) The balance-sheet referred to in sub-section (1) shall—

(*a*) contain a summary of the assets and liabilities of the chit; and

(*b*) give such particulars as will disclose the nature of the assets and liabilities and how the value of the assets has been arrived at.

17. *Liability of the foreman to the subscribers.*—(1) Every foreman shall be liable to account to the subscribers for the amounts due to them.

(2) Where there are more than one foreman, each one of them jointly and severally or if the foreman is a firm, each one of the partners thereof jointly and severally and if the foreman is a Corporation, the Corporation as such shall be liable to the subscribers in respect of the obligations arising out of the chit.

18. *Withdrawal of a foreman.*—Where there are more than one person as foreman in a chit, none of them shall withdraw from it until the termination of the chit unless such withdrawal is

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assented to by all the non-prized subscribers and unpaid prized subscribers and a copy of such assent has been filed as required by section 32. Such withdrawal shall not, however, affect the security given under section 12.

CHAPTER IV.

NON-PRIZED SUBSCRIBERS.

19. *Non-prized subscriber to pay subscription and get receipt.*—Every non-prized subscriber shall pay his subscription at the time and place mentioned in the chit agreement and shall on such payment be entitled to get a receipt from the foreman.

20. *Removal of defaulting subscribers.*—(1) A non-prized subscriber who defaults in paying his subscription in accordance with the terms of the chit agreement shall be liable to have his name removed from the list of subscribers . . . Every such removal . . . shall, with the date thereof, be entered in the relevant book maintained by the foreman. A written notice of such removal shall be given by the foreman to the defaulting subscriber within fourteen days of such removal . . .

(2) A true copy of the entry referred to in sub-section (1) shall be filed by the foreman with the Registrar within fourteen days from the date of such removal . . .

(3) Any defaulting subscriber aggrieved by the removal of his name from the list of subscribers may, within seven days of the communication to him of the notice of removal, appeal to the Registrar.

(4) The Registrar may, after giving the appellant an opportunity of being heard, pass such orders on the appeal as he thinks fit and the decision of the Registrar shall be final.

21. *Substitution.*—(1) The foreman may substitute in the list of subscribers any person in the place of a defaulting subscriber whose name has been removed from such list under sub-section (1) of section 20 :

Provided that no such substitution shall be made until the expiry of the period allowed for appeal under sub-section (3) of section 20, or where any such appeal has been preferred, until the same has been disposed of.

(2) Every substitution referred to in sub-section (1) shall, with the date thereof, be entered in the relevant book maintained by the foreman. A true copy of every such entry shall be filed by the foreman with the Registrar within fourteen days from the date of substitution.

(3) All arrears of subscriptions realised from the substituted subscriber, less any amount advanced by the foreman, shall, before the date of the next succeeding instalment, be deposited by the foreman in an approved bank mentioned in the chit agreement. The foreman shall not withdraw the amount so deposited except for payment to the defaulting subscriber.